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## Cargo surge takes a holiday at L.A., Long Beach ports

*The usual boost in imports from retailers stocking shelves for the holiday shopping season hasn't materialized. Instead, container traffic through the Port of Los Angeles showed a slight overall decline in September. A drop is also expected for that month in Long Beach.*



More than half the state's 1.1 million cargo-related jobs are located in the region. Above, the Port of Los Angeles is seen in the distance from a train yard near Wilmington. (Katie Falkenberg, For The Times / September 28, 2011)

By Ronald D. White, Los Angeles Times

At the ports of Los Angeles and Long Beach, 2011 is shaping up to be the year that Santa forgot. The surge in holiday cargo headed to retailers' shelves, which usually begins no later than August, is still nowhere to be seen, officials say.

The news is especially grim given that prognosticators for the National Retail Federation had declared as recently as last month that the summer-long downturn of trade at the nation's largest seaports was over. September was supposed to have been a banner month, with an increase of nearly 12% in imports to the U.S. compared with last year, they said.

But the optimism appears to have been badly misplaced.

"The world economic recovery has slowed. The risk of a new recession is rising," said economist Paul Bingham of Wilbur Smith Associates. "Although the U.S. economy is still technically expanding, it's not reflected in the trade numbers, especially in big volume items like furniture and appliances."

International trade is one of Southern California's most important sources of relatively high-wage blue-collar employment. More than half the state's 1.1 million cargo-related jobs are located in the region, where a boost in cargo would have had an immediate effect on the amount of work available to dockworkers, truck drivers, warehouse and distribution center staff, railroad workers and others.

Instead, cargo traffic through the Port of Los Angeles showed a slight overall decline in September, down 0.8% to 705,623 cargo containers, compared with 711,613 a year earlier. Imports through the nation's largest container port were down 0.2% to 372,655 containers. The only bright spot was in U.S. exports through Los Angeles, which continued on a course toward a new record, up 26.6% to 176,954 containers.

"We were hoping to see more of a spike in the numbers in September, but it now looks like we may have reached a plateau and the traditional peak season has not materialized," said Phillip Sanfield, spokesman for the Port of Los Angeles. Through September, Los Angeles is running just 0.3% ahead of its 2010 pace, having handled about 5.9 million cargo containers.

Cargo movement also has slowed in the neighboring Port of Long Beach, although there was an important caveat with the nation's No. 2 container port. Long Beach has been running with six terminal operators this year instead of the usual seven. It lost about 10% of its business to the Port of Los Angeles when the Hyundai terminal vacated its Long Beach facilities as that port embarks on its massive \$1.2-billion Middle Harbor renovation and expansion project.

Long Beach port officials were still tallying its September numbers Thursday, but preliminary results showed that import-filled container traffic would be down 5% to 8% for the month compared with the same month last year. Exports are expected to post a similarly weak showing.

"For a traditional peak season month like September, the numbers are not good," said Art Wong, a spokesman for the Port of Long Beach.

Los Angeles and Long Beach's September was mirrored at harbors across the U.S., according to Zepol Corp., which tracks international trade. U.S. import volumes were down 4.5% in September compared with a year earlier, the Edina, Minn., company said.

Some trade experts warned that the sluggish economy would continue to hamper cargo operations.

"The trade numbers we are seeing now are also indicative of what we will be seeing next year," said Daniel L. Gardner, chief executive at RF International Ltd. and Ocean World Lines Inc., which are subsidiaries of [Pacer International Inc.](#) Gardner has a global perspective on world trade, running offices on the East Coast and West Coast of the U.S. and throughout Asia and Europe.

"The challenge for ports in the U.S. is that they are all going to be competing over a pie that is smaller than the pre-recession years, and even small percentage changes are going to mean shifts in jobs and economic activity," Gardner said.

Others said it may take time to understand the meaning of all of the current trade-related numbers, such as the commercial real estate numbers involving vacancy rates in warehouses.

The 15 million square feet of warehouse space owned by Watson Land Co. in Southern California is fully occupied, said Lance Ryan, a vice president at the Carson firm. Full warehouses could mean that holiday goods for store shelves are already here, he said, or it could mean something entirely different.

In the recession of 2001-02, it turned out that warehouses this time of year were full of summer inventory

that simply hadn't sold.

"It was all beach chairs and flip flops," Ryan said. "The vacancy rates were looking good then, too, but it wasn't telling the real story."